

# EXAMINER'S BANKING PRACTICES SURVEY

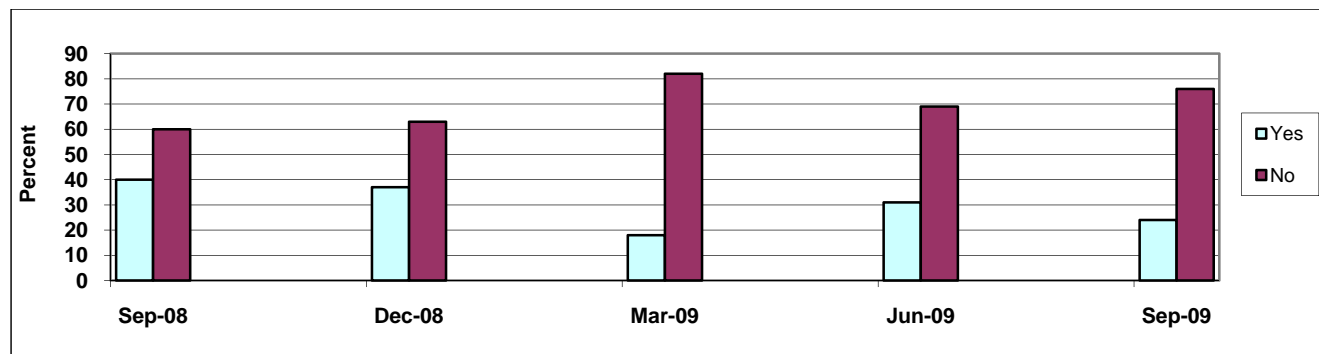
Third Quarter 2009

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2009** results are compiled from **38** responses.

## LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "Significantly" means growth of 20% or more.



Of yes responses:

Loan Type	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
RE/Const/Land Devel	12%	15%	16%	12%	22%
RE/Agricultural	16%	10%	16%	15%	17%
RE/Commercial/Indust	24%	35%	15%	21%	22%
RE/Residential	12%	10%	23%	12%	11%
Agricultural	12%	10%	15%	9%	6%
Commercial/Industrial	20%	15%	15%	24%	22%
Consumer	4%	5%	0%	7%	0%

2. Is the institution active in making the following types of loans?

	Dec-08		Mar-09		Jun-09		Sep-09	
	Yes 4%	No 96%	Yes 4%	No 96%	Yes 6%	No 94%	Yes 5%	No 95%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		0%		100%	
Dealer paper	100%		0%		100%		0%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		100%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

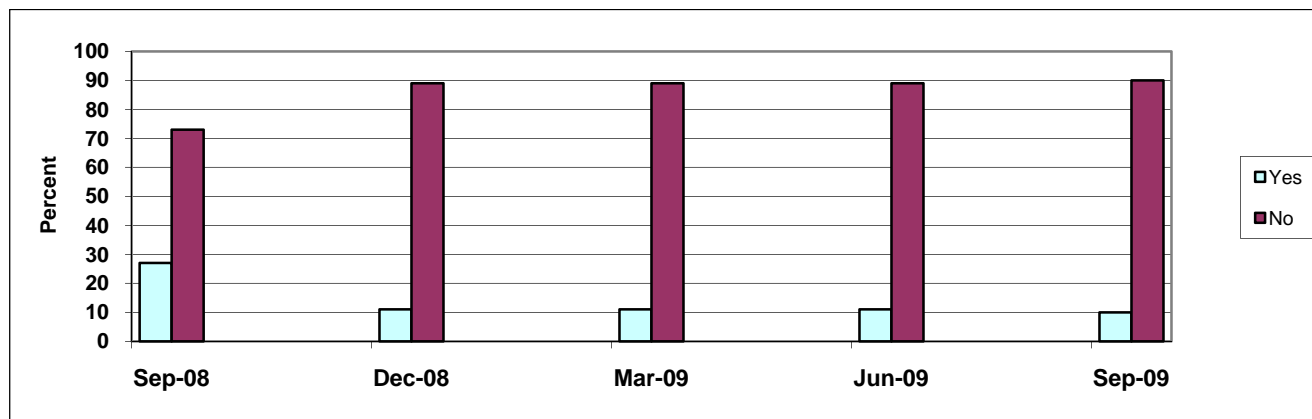
	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Yes	7%	7%	0%	6%	0%
No	93%	93%	100%	94%	100%

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4. Does the institution use credit scoring models for loan decisions?

	Dec-08		Mar-09		Jun-09		Sep-09	
	Yes 11%	No 89%	Yes 22%	No 78%	Yes 11%	No 89%	Yes 10%	No 90%
Of Yes Responses - Loan type								
Credit card	0%		0%		14%		8%	
Consumer	44%		45%		29%		31%	
Residential mortgage	28%		36%		29%		31%	
Small business	28%		19%		21%		23%	
Other	0%		0%		7%		7%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Making collateral based loans?	38%	0%	29%	11%	12%
Reduced collateral margins?	5%	17%	0%	22%	25%
Not requiring cash flow projections?	26%	50%	29%	22%	25%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	21%	33%	42%	11%	13%
Waiving guarantees or other documentation?	5%	0%	0%	11%	12%
Other	5%	0%	0%	23%	13%

6. Describe potential risk in current underwriting practices for:

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
<b>Agricultural Loans</b>					
Minimal	87%	93%	82%	88%	84%
Moderate	10%	7%	18%	9%	16%
Substantial	3%	0%	0%	3%	0%
<b>Commercial Loans</b>					
Minimal	57%	52%	48%	63%	47%
Moderate	30%	48%	44%	31%	44%
Substantial	13%	0%	8%	6%	9%
<b>Consumer Loans</b>					
Minimal	80%	82%	63%	83%	68%
Moderate	17%	18%	33%	14%	32%
Substantial	3%	0%	4%	3%	0%
<b>Residential Loans</b>					
Minimal	77%	82%	63%	80%	79%
Moderate	17%	18%	33%	20%	21%
Substantial	6%	0%	4%	0%	0%

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7. Differences between actual lending practices and written policies are:

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
<b>Agricultural Loans</b>					
Minimal	87%	93%	93%	94%	95%
Moderate	13%	7%	7%	6%	5%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	73%	74%	74%	80%	74%
Moderate	24%	26%	19%	17%	21%
Substantial	3%	0%	7%	3%	5%
<b>Consumer Loans</b>					
Minimal	90%	92%	89%	94%	92%
Moderate	10%	4%	7%	6%	8%
Substantial	0%	4%	4%	0%	0%
<b>Residential Loans</b>					
Minimal	80%	89%	78%	91%	92%
Moderate	20%	11%	18%	6%	8%
Substantial	0%	0%	4%	3%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
<b>Carryover Debt</b>					
Minimal	87%	96%	81%	89%	84%
Moderate	13%	4%	15%	11%	16%
Substantial	0%	0%	4%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	93%	92%	89%	91%	79%
Moderate	7%	4%	11%	9%	21%
Substantial	0%	4%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	84%	89%	67%	80%	74%
Moderate	13%	7%	26%	17%	26%
Substantial	3%	4%	7%	3%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Dec-08		Mar-09		Jun-09		Sep-09	
No. Banks with Inc/(Dec) in ratio (%)	+ 73%	- 27%	+ 85%	- 15%	+ 74%	- 26%	+ 71%	- 29%
Average Inc/(Dec) in Ratio	12.0	(9.7)	24.4	(2.1)	22.3	(9.1)	29.5	(9.7)
<b>Cause of Increase</b>								
Eased underwriting standards	3%		2%		2%		0%	
Deterioration in new loans	6%		4%		8%		2%	
Deterioration in older loans	41%		39%		43%		43%	
Participations or out-of-territory	12%		11%		4%		8%	
Economic conditions	32%		33%		37%		40%	
Changes in lending personnel	0%		2%		2%		2%	
New types of lending activity	0%		2%		0%		0%	
Other	6%		7%		4%		5%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
RE/Const/Land Development	36%	60%	36%	25%	48%
RE/Agriculture	4%	1%	1%	2%	1%
RE/Commercial/Industrial	33%	16%	34%	35%	29%
RE/Residential	12%	7%	6%	15%	9%
Agricultural	1%	1%	1%	1%	0%
Commercial/Industrial	11%	14%	20%	16%	10%
Consumer	3%	1%	2%	6%	3%

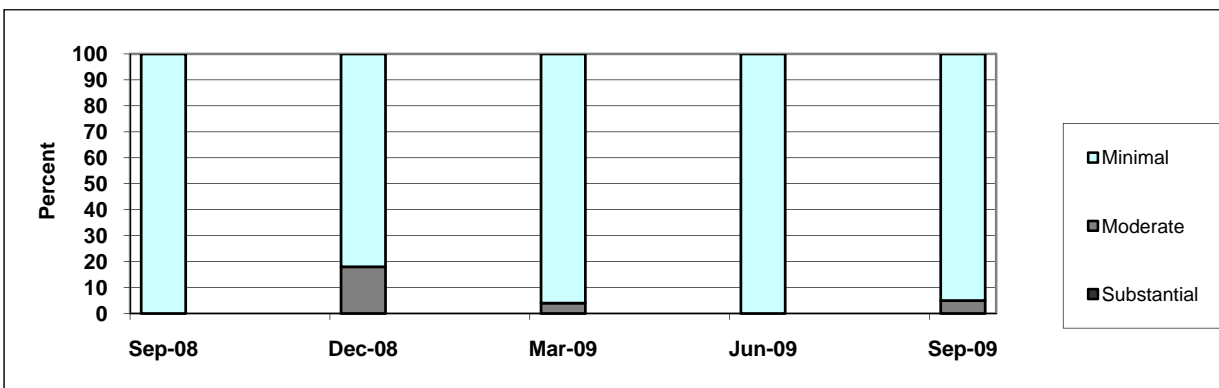
## Examiner's Banking Practices Survey

### INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Yes	0%	4%	4%	0%	0%
No	100%	96%	96%	100%	100%

12. Differences between actual investment practices and written policies are:



### OTHER

13. Has the bank established a borrowing line with FHLB?

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Yes	90%	74%	74%	91%	95%
No	10%	26%	26%	9%	5%
If yes, does the bank actively borrow from the FHLB?					
Yes	82%	80%	80%	78%	75%
No	18%	20%	20%	22%	25%

14. Does the bank hold off-balance sheet derivatives?

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Yes	0%	4%	4%	6%	5%
No	100%	96%	96%	94%	95%

15. List nontraditional activity the institution is engaged in.

	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Yes	87%	89%	78%	91%	82%
No	13%	11%	22%	9%	18%
Of those that do:					
Nondeposit Investment Sales	16%	20%	25%	15%	18%
Insurance Sales	6%	8%	6%	8%	8%
Real Estate Loan Secondary Market Sales	23%	24%	29%	28%	31%
Non-transactional Web Site	12%	10%	4%	12%	6%
Transactional Web Site	39%	36%	34%	37%	37%
Other	4%	2%	2%	0%	0%